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January 3, 2005

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Re: Contents of the Navajo Transmission Operating Committee Minutes/West Wing Firewalls;
Docket No. E-00000J-04-0522

Dear Sirs,

A review of the minutes of the Navajo Transmission Operating Committee from April 2003 to April 2004 has raised a number of questions. As you know, during this period a recommendation of placing firewalls at the West Wing substation was broached multiple times but never acted upon. And in July, 2004, the fire that engulfed West Wing resulted in millions of dollars in damage to the facility and placed electrical service to the entire Valley in jeopardy.

Among the questions that I believe have been raised by the Operating Committee minutes are:

- In a Sept. 2, 2003 capital budget item (Exhibit 109-23 attached to the Sept. 25, 2003 Minutes) an APS representative warns that two transformers are "in close proximity" and that "a single fire could cascade into the failure of multiple transformers, similar to the fire at the Vincent substation." The budget item, recommending the placement of

firewalls at West Wing, goes on to state that “Loss of as little as two transformers causes the loss of T1 or T4 for approximately a year and a replacement cost of 2M per transformer phase (\$4M+ per event). West Wing does not have a fire suppression system for transformer fires. Fire fighters will likely elect to let the transformers burn themselves out.” Given these dire warnings and even predictions that fire fighters would likely allow the transformers to burn out, why did the West Wing owners not make firewalls an urgent priority? Additionally, given the budget item’s admission that there was no fire suppression capability at West Wing, did any of the owners contact local fire officials to discuss a fire fighting strategy, and did any of the owners discuss the possibility of installing fire suppression at West Wing? Remarkably, both of these predictions turned out to be accurate.

- It is evident from several emails written by APS representatives on the E&O Committee that delays in the formation of the sub-committee tasked with reviewing the design of the firewalls proposed for West Wing were caused by the failure of the Western Area Power Authority to name a representative to the sub-committee. It appears that WAPA failed to name an individual to the sub-committee from September through July 2004, when the fire ultimately engulfed West Wing. Why did WAPA delay in naming this representative? Were those delays related to budgetary concerns? Did WAPA have to gain Congressional approval for any additional expenses related to its stake in West Wing? Was a WAPA designee ever appointed to the sub-committee?
- The APS memo accompanying the E&O Minutes states that after March 2004, APS’ Design Engineering department recommended postponing a meeting of the subcommittee until the summer of 2004 because other projects took precedence over the firewalls proposal. Again, given the urgency indicated in the September 2003 budget proposal, and given APS’ own predictions of the devastation that would be wrought by a fire at West Wing, why was this recommendation of further delay heeded?
- The APS memo accompanying the E&O Minutes also asserts that no member of the Committee ever indicated that they were opposed to the firewalls. And yet, in an April 23, 2003 email from Don LaMontagne to Bob Smith and other members of the E&O Committee, Mr. LaMontagne states that a colleague was working on a presentation that will show “scenarios as to what happens if transformer X catches on fire; what other transformers are at risk. It should put their minds at rest.” If there was a need to “put their minds at rest” doesn’t this email indicate that members of the E&O Committee were in fact objecting to the firewalls? If so, what were those objections?
- Between the initial date of proposal of the firewalls and the September, 2003 E&O meeting, cost estimates of the firewalls at West Wing nearly doubled. It was also at the September, 2003 E&O Meeting that SRP AND TEP raised questions about the firewalls. Were these questions tied to the increased cost estimates of the firewalls?
- What specifically were the questions raised by TEP and SRP at the September, 2003 E&O Meeting referenced in the minutes from that meeting?
- The APS memo states that more than 14,000 man-hours and more than two million dollars were spent inspecting and refurbishing major equipment at West Wing from April

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2003 through July 2004. How many of these man-hours and dollars were spent after or as a result of the June 14th event on APS' system?

I would like each member of the West Wing ownership group – including WAPA, APS, TEP and SRP – to provide to my office written responses to each of the above questions. Thank you for your attention to this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'K Mayes', with a stylized flourish at the end.

Kris Mayes
Commissioner

Cc: Chairman Marc Spitzer
Commissioner William Mundell
Commissioner Mike Gleason
Commissioner Jeff Hatch-Miller
Ernest Johnson
Brian McNeil
Heather Murphy